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Argentina

Dried Fruit

Annual

2006

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Report Highlights:
Calendar Year (CY) 2007 plum production is forecast at 125,000 metric tons (MT) of which 115,000 MT will be processed. Exports are expected to increase due to high international prices. Imports are almost non-existent and domestic consumption is expected to remain at a level similar to that of previous years.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Annual Report
Buenos Aires [AR1]
[AR]

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Section I. Situation and Outlook

Production areas

Ninety percent of Argentine dried plums are produced in the Province of Mendoza, which is located alongside the Andes Mountains. According to official numbers, 12,400 hectares are currently planted with plums in this province. Since Mendoza is a very dry province, with annual average rainfall of 8 inches or less, all plantations are irrigated. The main source of water is melted snow from the Andes. There are three main production zones in the province of Mendoza, called oases.

The oldest and most traditional production zone, the southern zone, encompasses the departments (counties) of San Rafael and General Alvear. It has a total planted area of 9,550 hectares, 77 percent of the total planted area in the Province of Mendoza. Farms in this area are small, not over 2.8 hectares, and are generally subsistence in nature. Production is characteristically low tech with yields no greater than 6 MT per hectare. With regards to the age of the plantations, 6,500 hectares are in the productive range between 6 and 30 years old, 2,500 hectares are younger than 5 years and 550 hectares are older than 30 years old.

In the eastern zone, with 2,600-planted hectares, the average farm size is three hectares. Yields in this zone go as high as seven metric tons per hectare. Plantations between 6 and 30 years old occupy 2,000 hectares, those younger than 5 years old occupy 500 hectares, and those older than 30 years old occupy 100 hectares.

The last zone, the Uco Valley, is where better-trained and entrepreneurial farmers have settled during the past 20 years. With a total planted area of 250 hectares, the average farm size in this area is 5.2 hectares and yields reach 15 MT per hectare.

The other ten percent of the Argentina dried plums are produced in the southern valley of Rio Negro and Neuquen where the main variety is President.

Production

In Argentina the harvest season begins on January 15 and ends on February 15. This short period makes it difficult to plan processing activities. Farmers are obliged to sell their produce to processors sometimes at not very good prices. Sources in the industry inform that the Argentina National Agricultural Research Institute (INTA) is working on the promotion of new varieties with which would allow to extend the harvest period.

Currently, trees are still in blossom, and the CY 2007 crop is developing. Sources in the industry report that the CY 2007 crop will probably be similar or slightly superior to the previous season's production due to more plants entering into production. Fresh plums production is forecast at 125,000 MT with a dry plums production at 38,000 MT. (See statistical tables).

Total production of fresh plums in CY 2006 reached 115,000 MT. Total production destined for processing was 105,000 MT. According to sources in the industry, three kilos of fresh plums yield one kilo of dried plums. Therefore, total production of dried plums for CY 2006 has been estimated at 35,000 MT.

In Argentina, drying technology is still very traditional with 73 percent of the prunes dried in the sun on nets hanging from a frame, and only 23 percent in ovens, which run mainly on natural gas.

According to official data, in Argentina there are 3,900 farmers that produce plums with an average grove size of 7 hectares, and 20 processors of which only seven export 70 percent of the total production.

Another hey characteristic of this sector is the lack of associations or cooperatives that help farmers and processors work better.

Consumption

Domestic consumption of prunes in Argentina is limited to prunes in syrup. Domestic consumption of dried prunes is estimated at 40 grams per capita per year, which means a total of 1,600 MT, destined to direct consumption. Also, the processing sector purchases between 400 and 600 MT per year.

Trade

CY 2007 exports are expected to grow to 35,000 MT as a result of higher production and the good international market price. Through August 2006, registered dried prune exports reached 23,000 MT, 10,000 MT more than during the same period in CY 2005. CY 2005 export volume was 23,000 MT valued at US$48 million. However, industry sources expect that in CY 2006 prune exports will surpass CY 2005 numbers by 7,000 MT, reaching a total of 30,000 MT. In CY 2006 export values increased as a result of high international prices. Although in CY 2005 the averaged FOB price was higher than in CY 2006, US$2.07 per MT and US$1.98 per MT, this price is still competitive at an international level.

Argentina Export Statistics						
Commodity: 081320, Prunes, Dried						
	2003		2004		2005	
	Value (US$)	Quantity (MT)	Value (US$)	Quantity (MT)	Value (US$)	Quantity (MT)
World	32,559,105	28,819	25,117,821	15,086	47,830,809	23,014
Brazil	8,388,770	8,575	9,307,118	6,011	15,265,987	8,158
EU	14,230,930	11,576	7,181,466	4,031	14,785,410	6,578
Russia	6,709,892	5,303	4,525,822	2,809	6,282,707	2,564
Chile	1,282,170	1,487	314,342	297	2,558,549	1,739
United States	46,757	35	2,003,003	909	2,404,823	983
Algeria	510,166	415	654,469	411	1,054,279	482
Venezuela	6,760	5	4,100	2	850,561	385
Egypt	53,400	40	0	0	836,803	399
Canada	26,802	22	522,032	254	747,537	316
Others	1,303,458	1,362	605,469	362	3,044,153	1,410

Imports and Exports Requirements

Outside the Mercosur Area	
Import Tariff	10 %
Statistical Tax	0.50%
Export Tax	5.00%
Rebates: Cases with more than 1 kg. Cases with 1 kg. or less	5.00% 6.00%
Inside the Mercosur Area	
Import Tariff	0.00%
Export Tax	5.00%
Rebate: Cases with more than 1 kg. Cases with 1 kg. or less	5.00% 6.00%

Prices

Farm-Gate Prices

Prunes are paid by the kilo of fresh fruit and not based on dry fruit as in the rest of the world. This system does not pay for the quality of the dry product but only for the visual aspect and sugar content of the fresh fruit.
The prices paid to farmers for their fresh plums reached a record high of US$0.32 per kilo during the 2005 season. Average farm-gate price is around US$0.16 per kilo.

International Prices

Prices Table			
Country	**Argentina**		
Commodity	**Prunes (Plums, Dried)**		
Prices in	**US$ FOB**	**per uom**	**MT**
Year	**2004**	**2005**	**% Change**
Jan	1.93	2.20	12.3%
Feb	1.82	2.02	9.9%
Mar	2.11	2.19	3.7%
Apr	2.08	2.03	-2.5%
May	2.14	1.90	-12.6%
Jun	2.05	1.98	-3.5%
Jul	2.09	1.96	-6.6%
Aug	2.09	1.97	-6.1%
Sep	2.09		-100%
Oct	2.09		-100%
Nov	2.06		-100%
Dec	2.11		-100%
Exchange Rate	3.1	Local Currency/US $	
Date of Quote	10/11/2006	MM/DD/YYYY	

Varieties

In the eastern zone, the D'agen variety accounts for 100 percent of the planted area. In the southern zone, the D'agen variety occupies 98 percent of the area, while the rest is accounted for by Stanley, President, and others varieties of minor importance. In the Uco Valley, D'agen covers 60 percent of the area, while the other 40 percent is the President variety.

Argentina cannot use the name D'agen with exports to the European Union since D'agen is a geographic indicator that can only be used by France. Therefore exports of this Variety to the EU are named Mendoza Prunes.

Before the 1990's, Argentina produced mainly D'agen prunes with pit like the American style but since 2000 this trend was overturned and now almost all the prunes produced are pit less D'agen like the European style.

Section II. Statistical Tables

PSD Table										
Country	Argentina									
Commodity	Prunes (Plums, Dried)						(HA)(1000 TREES)(MT)			
	2004 Revised			2005 Estimate			2006 Forecast			UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		01/2005	01/2005		01/2006	01/2006		01/2007	01/2007	MM/YYYY
Area Planted	12500	12500	12500	12500	12500	12500	0	0	12500	(HA)
Area Harvested	8850	8850	8850	8850	8850	8850	0	0	9200	(HA)
Bearing Trees	6000	6000	6000	6000	6000	6000	0	0	6200	(1000 TREES)
Non-Bearing Trees	2500	2500	2500	2500	2500	2500	0	0	2300	(1000 TREES)
Total Trees	8500	8500	8500	8500	8500	8500	0	0	8500	(1000 TREES)
Beginning Stocks	4810	4810	4810	3783	3783	3000	3598	3598	3000	(MT)
Production	23000	23000	23000	27000	27000	35000	0	0	38000	(MT)
Imports	173	173	17	15	15	20	0	0	20	(MT)
Total Supply	27983	27983	27827	30798	30798	38020	3598	3598	41020	(MT)
Exports	22000	22000	23000	25000	25000	33000	0	0	36000	(MT)
Domestic Consumption	2200	2200	1827	2200	2200	2020	0	0	2020	(MT)
Ending Stocks	3783	3783	3000	3598	3598	3000	0	0	3000	(MT)
Total Distribution	27983	27983	27827	30798	30798	38020	0	0	41020	(MT)